

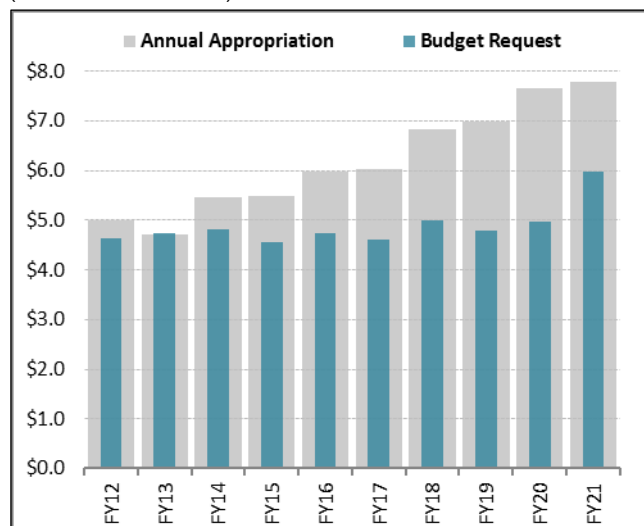
Updated March 24, 2021

Army Corps of Engineers: FY2021 Appropriations

Congress generally funds the civil works activities of the U.S. Army Corps of Engineers (USACE) in annual Energy and Water Development appropriations acts. These activities include the planning and construction of authorized water resource projects and the operation and maintenance of infrastructure and navigation improvements managed by USACE. For USACE civil works, President Trump requested \$5.97 billion for FY2021. As shown in **Figure 1**, Congress typically funds USACE above the President's request. For FY2021, Congress provided \$7.80 billion (31% above the FY2021 request and 2% above FY2020 enacted) in Division D, Title I of P.L. 116-260. At times, Congress also provides USACE with supplemental appropriations, typically for flood response and recovery (see CRS In Focus IF11435, *Supplemental Appropriations for Army Corps Flood Response and Recovery*).

Figure 1. Annual USACE Funding, FY2012-FY2021

(nominal \$, in billions)



Source: Congressional Research Service (CRS).

USACE Funding and FY2021 Request

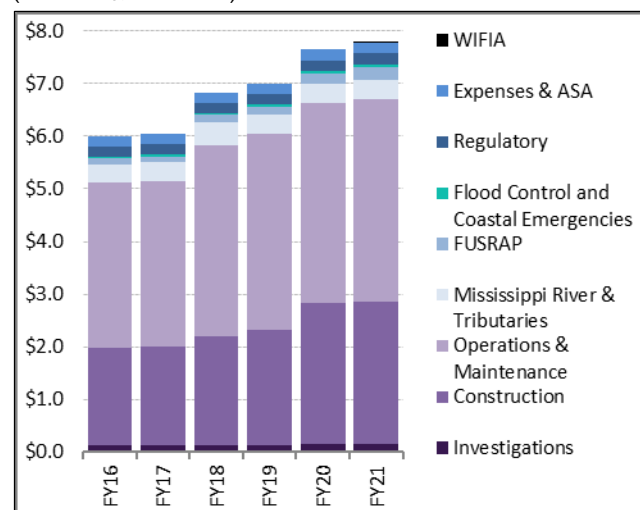
Unlike many of the federal agencies that support infrastructure investments by distributing federal funds to nonfederal entities by formula or through competitive grant programs, USACE directly commits funds for project planning and construction. It uses most of its appropriations for work on specific studies and projects authorized by Congress. These activities are often cost shared with nonfederal project sponsors or users. For more on the USACE appropriations process and related issues, see CRS Report R46320, *U.S. Army Corps of Engineers: Annual Appropriations Process and Issues for Congress*.

President Trump's FY2021 budget request prioritized maintaining the performance of existing infrastructure, as

reflected by the share of funds requested for operations and maintenance (i.e., the O&M account), and completing ongoing construction projects (i.e., the Construction account). The request proposed no new studies or construction projects (referred to as *new starts*). In response to budget requests with no new starts in recent years, Congress has provided funding (see **Figure 2**) and required USACE to start a specified number of new construction projects and new studies. In FY2021, Congress has required seven new projects and nine new studies.

Figure 2. USACE Account Appropriations, FY2016-FY2021

(nominal \$, in billions)



Source: CRS.

Notes: WIFIA = Water Infrastructure Finance and Innovation Act; ASA = Assistant Secretary of the Army; Regulatory = Regulatory Program; FUSRAP = Formerly Utilized Sites Remedial Action Program. WIFIA is a new account as of FY2021.

Since the 112th Congress, moratorium policies have limited congressionally directed funding of site-specific projects (i.e., *earmarks*). Prior to the 112th Congress, Congress would direct funds to specific projects not in the budget request or increase funds for certain projects. Each year since FY2011, Congress has appropriated *additional funding* for categories of USACE work without identifying specific projects. For FY2021, Congress provided \$2.25 billion in additional funding for 25 categories of USACE activities (e.g., construction of flood and storm damage reduction). In FY2021 appropriations and accompanying report language, Congress set out priorities and other guidance for the Administration's use of the additional funding. Congress directed the Administration to develop a *work plan* within 60 days of enactment that reports on (1) the selected new start studies and construction projects and

(2) the specific projects receiving additional funding. On January 19, 2021, the Trump Administration transmitted the FY2021 work plan, which distributed the \$2.25 billion in additional funding to specific projects.

Selected FY2021 Topics

Navigation

Congress provided \$3.8 billion for navigation in FY2021, which was above the requested \$2.4 billion. The navigation investments were split: \$2.4 billion for coastal navigation and harbors, and \$1.4 billion for inland and intracoastal waterways.

For inland and intracoastal waterways, Congress lowered the required Inland Waterway Trust Fund (IWTF) contribution from 50% to 35% for construction projects funded from FY2021 through FY2031, thereby increasing the general fund share to 65%. The IWTF receives collections from a \$0.29 per gallon fuel tax on commercial vessels in designated federal waterways. The FY2021 request proposed to discontinue funding for ongoing waterway construction projects. For FY2021, Congress has directed not only that ongoing inland waterway construction projects should be funded but also that one new IWTF cost-shared project should be started with FY2021 appropriations (i.e., a new start). The FY2021 request also proposed an annual user fee on inland waterway commercial vessels that Congress did not adopt.

The IWTF contribution change was enacted in the Water Resources Development Act of 2020 (Title AA of P.L. 116-260). The legislation also made changes related to the Harbor Maintenance Trust Fund and coastal and harbor navigation authorities, which may alter funding for these USACE activities subsequent to FY2021. For more on these navigation changes, see CRS In Focus IF11700, *Water Resources Development Act of 2020*.

Water Infrastructure Finance and Innovation Act

President Trump's FY2021 request would not have provided funding to USACE's Water Infrastructure Finance and Innovation Act (WIFIA) program (authorized in 2014 by P.L. 113-121). USACE, through WIFIA, is authorized to provide credit assistance, in the form of secured or direct loans, for a range of water resource projects. In FY2021, Congress created a new USACE account for the agency's WIFIA program and appropriated \$14.2 million to it. Of the total, \$12 million is specifically for nonfederal dam owners for dam safety projects, with the remaining \$2.2 million for USACE administrative expenses to carry out the program. In P.L. 116-260, Congress capped the total amount of loans supported by the FY2021 appropriation at \$950 million (see CRS Insight IN11577, *U.S. Army Corps of Engineers Civil Works Infrastructure Financing Program (CWIFP): Status and Issues*).

Ecosystem Restoration and Flood Risk Reduction

Congress generally has set the cost share of USACE ecosystem restoration and flood risk reduction project construction at 65% federal and 35% nonfederal, with the costs of O&M, routine repair, and rehabilitation at 100% nonfederal. For some projects, however, Congress has used different cost-sharing arrangements. For example, most

Everglades restoration construction and O&M projects are cost-shared 50%/50%. For FY2021, President Trump requested \$350 million for USACE ecosystem restoration efforts, of which \$260 million was for Everglades restoration. FY2021 appropriations funded \$632 million for ecosystem restoration, including two new construction projects and the requested level of funding for the Everglades. The FY2021 request for flood risk reduction was \$1.6 billion (up from \$1.0 billion in the FY2020 request). FY2021 appropriations funded \$1.93 billion for USACE flood risk reduction, including a new study start and a new construction start under the Mississippi River and Tributaries account.

Continuing Authorities Programs

President Trump's FY2021 request sought \$4 million for four Continuing Authorities Programs (CAPs) and no funds for the five remaining CAPs. Congress provided a total of \$69.5 million for the nine CAPs. CAPs allow USACE to plan and construct projects of limited scope and cost (see CRS In Focus IF11106, *Army Corps of Engineers: Continuing Authorities Programs*).

Environmental Infrastructure Assistance

Since 1992, Congress also has authorized and funded USACE to provide environmental infrastructure assistance (i.e., planning, design, and construction of municipal drinking water and wastewater infrastructure projects in specified communities, counties, and states). No Administration has ever requested authorization or appropriations for USACE to perform environmental infrastructure assistance. For FY2021, Congress provided \$100 million of additional funding above the budget request for these authorities, which USACE allocated in the work plan to 27 different projects (see CRS In Focus IF11184, *Army Corps of Engineers: Environmental Infrastructure (EI) Assistance*).

Backlog and Alternative Financing and Delivery

A persistent challenge for USACE is how to address its backlog of roughly \$98 billion in authorized USACE construction activities. Nonfederal project sponsors and federal policymakers have explored options regarding project financing and sharing costs and responsibilities among project sponsors and beneficiaries. Congress has authorized enhanced nonfederal and private participation in USACE projects. For example, Congress expanded authorities to reimburse or credit nonfederal work on authorized projects. In addition to post-construction reimbursement, Congress in 2014 authorized transferring USACE funds to nonfederal entities for use on the construction of authorized projects. The FY2021 request proposed to use \$250 million for these transfers and another \$250 million to accelerate construction projects that have advanced funding or funding in excess of nonfederal cost share by nonfederal entities. As in previous appropriations bills, Congress did not fund these initiatives.

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